

**NORTHWEST IOWA COMMUNITY COLLEGE  
SHELDON, IOWA**

**Independent Auditors' Report  
Financial Statements and Supplemental Information  
Schedule of Findings and Questioned Costs**

**June 30, 2004**

**NORTHWEST IOWA COMMUNITY COLLEGE  
C O N T E N T S**

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# NORTHWEST COMMUNITY COLLEGE

## OFFICIALS

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NAME	TITLE	TERM EXPIRES
<b>Board of Directors</b>		
Kenneth Vande Brake	Member	2006
Craig Struve	President	2006
Jerry Adams	Member	2005
Dr. Loretta Berkland	Vice President	2005
James Haberkorn	Member	2004
Larry Hoekstra	Member	2004
Leroy Van Kekerix	Member	2005
<b>Community College</b>		
Dr. Andrew Matonak	President	
Alethea Stubbe	Vice President of Administration and Board Secretary/Treasurer	



21 1<sup>st</sup> Avenue NW  
P.O. Box 1010  
Le Mars, IA 51031  
Phone (712) 546-7801  
Fax (712) 546-6543

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Northwest Iowa Community College  
Sheldon, Iowa

We have audited the accompanying financial statements of NORTHWEST IOWA COMMUNITY COLLEGE, Sheldon, Iowa, as of and for the year ended June 30, 2004. These financial statements are the responsibility of the Community College's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statement of the Northwest Iowa Community College Foundation (the component unit of the Community College discussed in Note 1), which statements reflect total assets of \$1,543,038 and total operating revenues of \$593,581 for the year then ended. Those financial statements were audited by other auditors whose reports thereon have been furnished to us and our opinion insofar as it relates to that unit is based on the report of the other auditor.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, Chapter 11 of the Code of Iowa, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of the other auditor provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of the other auditor, the financial statements referred to above present fairly, in all material respects, the financial position of Northwest Iowa Community College as of June 30, 2004, and the changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our reports dated September 17, 2004, on our consideration of Northwest Iowa Community College's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 4 – 10 and 27 – 28, respectively, are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Northwest Iowa Community College's basic financial statements. Other supplementary information on pages 29 through 51 including the Schedule of Expenditures of Federal Awards required by the United States Office of Management and Budget (OMB) Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the basic financial statements of Northwest Iowa Community College. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Williams & Longang P.C.*  
Certified Public Accountants

Le Mars, Iowa  
September 17, 2004

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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Management of Northwest Iowa Community College provides this Management's Discussion and Analysis of the College's annual financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2004. We encourage readers to consider this information in conjunction with the College's financial statements, which follow.

### **2004 FINANCIAL HIGHLIGHTS**

- ◆ College operating revenues decreased 3.5%, or approximately \$261,000 from fiscal year 2003 (FY 03). Tuition and fees increased and federal appropriations, Iowa Industrial New Jobs Training program, and auxiliary enterprises revenues decreased.
- ◆ College operating expenses decreased 0.5%, or approximately \$65,000, from fiscal year 2003 (FY 03). Liberal arts and sciences, vocational technical, student services, learning resources, physical plant, general institution, and depreciation expenses increased, while adult education, cooperative services, administration, auxiliary enterprises, and scholarships and grants decreased.
- ◆ The College's net assets increased 12.46%, or approximately \$1,780,000, from fiscal year 2003 (FY 03).

### **USING THIS ANNUAL REPORT**

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the College's financial activities.

The Basic Financial Statements consist of a statement of net assets, a statement of revenues, expenses and changes in net assets and a statement of cash flows. These provide information about the activities of the College as a whole and present an overall view of the College's finances.

Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the College's budget for the year.

Other Supplementary Information provides detailed information about the individual funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various programs benefiting the College.

## **REPORTING THE COLLEGE'S FINANCIAL ACTIVITIES**

### *The Statement of Net Assets*

The Statement of Net Assets presents the assets, liabilities and net assets of the College as a whole, as of the end of the fiscal year. The Statement of Net Assets is a point-in-time financial statement. The purpose of this statement is to present a fiscal snapshot of the College to the readers of the financial statements. The Statement of Net Assets includes year-end information concerning current and non-current assets, current and non-current liabilities, and net assets (assets less liabilities). Over time, readers of the financial statements will be able to determine the College's financial position by analyzing the increases and decreases in net assets. This statement is also a good source for readers to determine how much the College owes to outside vendors and creditors. The statement also presents the available assets that can be used to satisfy those liabilities.

### **Net Assets**

	June 30	
	2004	2003
Current Assets	\$12,205,895	\$10,788,861
Noncurrent Assets	13,434,489	13,483,660
Total Assets	<u>25,640,384</u>	<u>24,272,521</u>
Current Liabilities	3,268,455	4,503,001
Noncurrent Liabilities	6,301,736	5,480,000
Total Liabilities	<u>9,570,191</u>	<u>9,983,001</u>
Net Assets		
Invested in capital assets, net of related debt	8,480,087	7,873,905
Restricted	2,411,764	2,182,278
Unrestricted	5,178,342	4,233,337
Total Net Assets	<u>\$16,070,193</u>	<u>\$14,289,520</u>

### **Comparison of Net Assets**

The largest portion of the College's net assets (53%) is invested in capital assets (e.g., land, buildings, and equipment), less the related debt. The debt related to the capital assets is liquidated with resources other than capital assets. The restricted portion of the net assets (15%) includes resources that are subject to external restrictions. The remaining net assets (32%) are the unrestricted net assets that can be used to meet the College's obligations as they come due.

## Statement of Revenues, Expenses and Changes in Net Assets

Changes in total net assets as presented on the Statement of Net Assets are based on the activity presented in the Statement of Revenues, Expenses and Changes in Net Assets. The purpose of the statement is to present the revenues received by the College, both operating and non-operating, and the expenses paid by the College, operating and non-operating, and any other revenues, expenses, gains and losses received or spent by the College.

In general, a public college, such as Northwest Iowa Community College, will report an operating loss since the financial reporting model classifies state appropriations and property tax as non-operating revenues. Operating revenues are received for providing goods and services to the students, customers and constituencies of the College. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues and to carry out the mission of the College. Non-operating revenues are revenues received for which goods and services are not provided. The utilization of capital assets is reflected in the financial statements as depreciation, which allocates the cost of an asset over its expected useful life.

### Changes in Net Assets

	June 30	
	2004	2003
Operating Revenues:		
Tuition and fees	\$ 2,429,258	\$ 2,307,458
Federal appropriations	1,471,415	1,504,354
Iowa Industrial New Jobs Training Program	1,013,191	1,337,177
Auxiliary	1,810,997	1,951,757
Miscellaneous	556,552	441,610
Total operating revenues	7,281,413	7,542,356
Total operating expenses	12,672,951	12,738,339
Operating Loss	(5,391,538)	(5,195,983)
Non-operating revenues (expenses)		
State appropriations	4,601,844	3,689,224
Property tax	1,739,325	1,439,405
Interest income on investments	135,779	154,791
Gain on sale of capital assets	11,016	0
Donated capital assets	0	37,655
Trade-in of capital assets	0	27,790
Rental of college facilities	15,209	29,030
Foundation Revenue (net of expense)	679,222	493,701
Interest on indebtedness	(10,184)	(17,102)
Net non-operating revenues	7,172,211	5,854,494
Increase in net assets	1,780,673	658,511
Net assets July 1, 2003	14,289,520	13,631,009
Net assets July 1, 2004	\$16,070,193	\$14,289,520

The Statement of Revenues, Expenses and Changes in Net Assets reflects a positive year, with an increase in the net assets at the end of the fiscal year.

### Total Revenue by Source

In FY 04, operating revenues decreased by \$260,943 (3.5%) as a net result of the following changes:

- ◆ Tuition and fees increased by \$121,800 due to both an increase in the number of students and a \$4 per credit tuition rate increase.
- ◆ The Iowa Industrial New Jobs Training program decreased \$323,986 (24.2%) due to a decrease in the amount of New Jobs Training Certificates sold in FY 04.
- ◆ Auxiliary enterprises revenue decreased by \$140,760 (7.2%) due to a minor decrease in the activity of some of the auxiliary accounts which include the parts store, powerline projects and heavy equipment projects.

### Total Expenses

	June 30	
	2004	2003
Education and support:		
Liberal arts and sciences	\$ 850,020	\$ 705,802
Vocational technical	3,387,427	3,173,346
Adult education	662,720	665,459
Cooperative services	1,020,169	1,347,003
Administration	577,068	1,171,465
Student services	642,454	532,783
Learning resources	225,626	181,883
Physical plant	810,764	754,947
General institution	1,828,300	1,355,795
Auxiliary enterprises	1,730,754	1,841,311
Scholarships and grants	316,528	396,421
Depreciation	621,121	612,124
 Total Operating Expenses	 <u>\$12,672,951</u>	 <u>\$12,738,339</u>

In FY 04, operating expenses decreased by \$65,388 (0.5%). The following factors explain some of the changes:

- ◆ Liberal arts and sciences and vocational technical increased by \$358,299. This was due to a combination of a salary increase and an increase of adjunct faculty to accommodate the expanding enrollment in some programs.
- ◆ Cooperative services decreased approximately \$327,000 as a result of smaller payments made to companies participating in the Iowa Industrial New Jobs Training Program.
- ◆ Administration expenses decreased by approximately \$594,000 as a result of five college staff and faculty participating in the college's early retirement program in FY 03.
- ◆ Auxiliary enterprises expenses decreased by \$110,557 due to the decreased activity in some auxiliary enterprises.

## Statement of Cash Flows

A statement included in Northwest Iowa Community College's basic financial statements is the Statement of Cash Flows. The Statement of Cash Flows is an important tool in helping users assess the College's ability to generate future net cash flows, its ability to meet its obligations as they come due, and its need for external financing. The Statement of Cash Flows presents information related to cash inflows and outflows, summarized by operating, non-capital financing, capital financing and investing activities.

### Cash Flows

	June 30	
	2004	2003
Cash provided (used) by:		
Operating activities	\$(4,011,266)	\$(4,487,796)
Non-capital financing activities	6,510,365	5,410,119
Capital and related financing activities	(1,267,349)	(421,505)
Investing activities	135,779	154,791
Net increase in cash	1,367,529	655,609
Cash, beginning of the year	8,251,541	7,595,932
Cash, end of the year	<u>\$ 9,619,070</u>	<u>\$ 8,251,541</u>

Cash used by operating activities includes tuition, fees, grants and contracts, net of payments to employees and to suppliers. Cash provided by non-capital financing activities includes state appropriations, local property tax received by the College and the receipt and disbursement of federal direct loan program proceeds. Cash used by capital and related financing activities represents the proceeds from debt, the principal and interest payments on debt and the purchase of capital assets. Cash provided by investing activities includes investment income received.

## **CAPITAL ASSETS**

At June 30, 2004, the College had approximately \$8.9 million invested in capital assets, net of accumulated depreciation of \$8.6 million. Depreciation charges totaled \$621,121 for FY 04. Details of capital assets are shown below.

### **Capital Assets, Net, at Year-End**

	June 30	
	2004	2003
Land	\$ 346,880	\$ 346,880
Buildings and Other Structures	5,734,194	6,057,745
Equipment	1,617,657	1,643,372
Software Development	239,884	191,257
Construction in Progress	936,472	104,651
Total	<u>\$8,875,087</u>	<u>\$8,343,905</u>

Planned capital expenditures for the fiscal year ending June 30, 2005 are expected to include technology and facility upgrades at an estimated cost of \$200,000. More detailed information about the College's capital assets is presented in Note 5 to the financial statements.

## **DEBT**

At June 30, 2004, the College had \$6.6 million in debt outstanding, an increase of \$247,500 from 2003. The table below summarizes these amounts by type.

	June 30	
	2004	2003
Certificates Payable	\$6,135,000	\$5,800,000
Notes Payable	235,000	287,500
Bonds Payable	235,000	270,000
Total	<u>\$6,605,000</u>	<u>\$6,357,500</u>

More detailed information about the College's outstanding debt is presented in Note 6 to the financial statements.

## **ECONOMIC FACTORS**

Northwest Iowa Community College continued to improve its financial position during the current fiscal year. However, the current condition of the economy in the state continues to be a concern for College officials. Some of the realities that may potentially become challenges for the College to meet are:

- ◆ State aid will remain virtually unchanged. There was a deappropriation in state general aid in FY 04 in the net amount of \$80,202. State aid for FY 05 replaced \$65,462 of the prior year's loss.
- ◆ Expenses will continue to increase. As the number of students increase, the costs associated with serving them continue to increase.
- ◆ Facilities at the College require constant maintenance and upkeep.
- ◆ Technology continues to expand and current technology becomes outdated presenting an ongoing challenge to maintain up to date technology at a reasonable cost.

The College anticipates the current fiscal year will be much like the last and will maintain a close watch over resources to maintain the College's ability to react to unknown issues.

## **Contacting the College's Financial Management**

This financial report is designed to provide our customers, taxpayers in the community college district and our creditors with a general overview of the College's finances and to demonstrate the College's accountability for the resources it receives. If you have questions about the report or need additional financial information, contact Northwest Iowa Community College, 603 West Park Street, Sheldon, IA 51201.

**NORTHWEST IOWA COMMUNITY COLLEGE**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2004**

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**ASSETS**

Current Assets:

Cash and Pooled Investments	\$ 9,619,070
Receivables:	
Accounts, Net of Allowance for Doubtful Accouts of \$4,431	428,422
Property Tax:	
Current Year Delinquent	18,424
Succeeding Year	1,361,872
Notes	90
Due from Other Governments	586,295
Inventories	187,172
Prepaid Expenses	4,550
Total Current Assets	<u>12,205,895</u>

Noncurrent Assets:

Endowment Investments	1,543,038
Receivables:	
Iowa Industrial New Jobs Training Program	3,016,364
Capital Assets:	
Land	346,880
Buildings	10,679,687
Other Structures and Improvements	777,639
Furniture, Machinery and Equipment	4,556,865
Software Development	239,884
Construction in Progress	936,472
Accumulated Depreciation	<u>(8,662,340)</u>
Total Noncurrent Assets	13,434,489

**Total Assets**

\$ 25,640,384

**NORTHWEST IOWA COMMUNITY COLLEGE**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2004**

**LIABILITIES**

Current Liabilities:

Accounts Payable	\$ 365,669
Salaries and Benefits Payable	120,714
Accrued Interest Payable	766
Deferred Revenue:	
Succeeding Year Property Tax	1,361,872
Other	285,543
Early Retirement Payable	330,147
Compensated Absences Payable	182,266
Insurance Reserve	150,000
Deposits Held in Custody for Others	168,214
Certificates Payable	215,764
Notes Payable	52,500
Bonds Payable	35,000
Total Current Liabilities	<u>3,268,455</u>

Noncurrent Liabilities:

Certificates Payable	5,919,236
Notes Payable	182,500
Bonds Payable	200,000
Total Noncurrent Liabilities	<u>6,301,736</u>

**Total Liabilities**

9,570,191

**NET ASSETS**

Invested in Capital Assets, Net of Related Debt	8,480,087
Restricted:	
Nonexpendable:	
Cash Reserve	119,015
Permanent Foundation Net Assets	750,878
Expendable:	
Loans	13,073
Other Foundation Net Assets	792,160
Other	736,638
Unrestricted	5,178,342

**Total Net Assets**

\$ 16,070,193

See Notes to Financial Statements

**NORTHWEST IOWA COMMUNITY COLLEGE  
STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2004**

**Revenues**

Operating Revenues:		
Tuition and Fees, net of scholarship allowances of \$650,362	\$	2,429,258
Federal Appropriations		1,471,415
Iowa Industrial New Jobs Training Program		1,013,191
Auxiliary Enterprises, net of scholarship allowances of \$127,387		1,810,997
Miscellaneous		556,552
Total Operating Revenues		<u>7,281,413</u>

**Expenses**

Operating Expenses:		
Education and Support:		
Liberal Arts and Sciences		850,020
Vocational Technical		3,387,427
Adult Education		662,720
Cooperative Services		1,020,169
Administration		577,068
Student Services		642,454
Learning Resources		225,626
Physical Plant		810,764
General Institution		1,828,300
Auxiliary Enterprises		1,730,754
Scholarships and Grants		316,528
Depreciation		621,121
Total Operating Expenses		<u>12,672,951</u>
Operating (Loss)		(5,391,538)

**Non-operating Revenues (Expenses)**

State Appropriations	4,601,844
Property Tax	1,739,325
Interest Income From Investments	135,779
Gain on Sale of Capital Assets	11,016
Rental of College Facilities	15,209
Foundation Revenue (net of expense)	679,222
Interest on Indebtedness	(10,184)
Net Non-operating Revenues	<u>7,172,211</u>
Increase in Net Assets	1,780,673
Net Assets Beginning of Year	<u>14,289,520</u>
Net Assets End of Year	<u>\$ 16,070,193</u>

See Notes to Financial Statements

**NORTHWEST IOWA COMMUNITY COLLEGE**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED JUNE 30, 2004**

Cash Flows from Operating Activities:	
Tuition and Fees	\$ 2,156,096
Grants and Contracts	1,617,848
Iowa Industrial New Jobs Training Program	1,646,244
Payments to Employees	(6,775,590)
Payments to Suppliers	(4,026,300)
Payments to NJTP Recipients	(680,585)
Payments for Scholarships	(316,528)
Auxiliary Enterprise Charges	1,810,997
Other Receipts	556,552
Net Cash (Used) by Operating Activities	<u>(4,011,266)</u>
Cash Flows from Non-Capital Financing Activities:	
State Appropriations	4,290,232
Property Tax	1,740,503
Rental of College Facilities	15,209
Foundation	439,109
Agency receipts	384,867
Agency disbursements	(359,555)
Net Cash Provided From Non-Capital Financing Activities	<u>6,510,365</u>
Cash Flows from Capital and Related Financing Activities:	
Aquisition of Capital Assets	(1,193,575)
Proceeds from the Sale of Capital Assets	24,000
Principal Paid on Debt	(87,500)
Interest Paid on Debt	(10,274)
Net Cash (Used) by Capital and Related Financing Activities	<u>(1,267,349)</u>
Cash Flows from Investing Activities:	
Interest on Investments	<u>135,779</u>
Net Cash Provided by Investing Activities	<u>135,779</u>
Net Increase in Cash	1,367,529
Cash at Beginning of Year	<u>8,251,541</u>
Cash at End of Year	<u><u>\$ 9,619,070</u></u>

See Notes to Financial Statements

**NORTHWEST IOWA COMMUNITY COLLEGE**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED JUNE 30, 2004**

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Reconciliation of Operating Loss to Net Cash Used by

Operating Activities:

Operating (Loss)	\$ (5,391,538)
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Adjustments to Reconcile Operating Loss to Net Cash

Used by Operating Activities:

Depreciation	621,121
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Changes in Assets and Liabilities:

Decrease in Prepaid	16,362
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(Increase) in Accounts Receivable	(269,345)
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Decrease in NJTP Receivable	633,053
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Decrease in Due From Other Governments	131,171
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(Increase) in Inventories	(2,227)
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Increase in Accounts Payable	102,135
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Increase in Salaries Payable	67,428
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Increase in Deferred Revenue	11,445
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Increase in Compensated Absences	36,983
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(Decrease) in Early Retirement Payable	(294,469)
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(Decrease) in Deposits in Custody	(8,385)
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Increase in Certificates Payable	335,000
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Total Adjustments	1,380,272
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Net Cash (Used) by Operating Activities	\$ (4,011,266)
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Noncash, Capital and Related Financing Activities:

The College received donated capital assets with a fair market value of \$6,000.

**NORTHWEST IOWA COMMUNITY COLLEGE**  
**Notes To Financial Statements**  
**June 30, 2004**

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**Note 1 - Summary of Significant Accounting Policies**

Northwest Iowa Community College is a publicly supported college, established and operated by Merged Area IV under the provisions of Chapter 260C of the Code of Iowa. Northwest Iowa Community College may offer programs of adult and continuing education, lifelong learning, community education, and up to two years of liberal arts, pre-professional or occupational instruction partially fulfilling the requirements for a baccalaureate degree but confers no more than an associate degree. Northwest Iowa Community College also offers up to two years of vocational or technical education, training or retraining to persons who are preparing to enter the labor market. Northwest Iowa Community College maintains a campus and has its administrative office in Sheldon, Iowa. The Community College is governed by a Board of Directors whose members are elected from each director district within Merged Area IV.

The Community College's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

**A. Reporting Entity**

For financial reporting purposes, Northwest Iowa Community College has included all funds, organizations, agencies, boards, commissions and authorities. The Community College has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the Community College are such that exclusion would cause the Community College's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the Community College to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the Community College. Northwest Iowa Community College has included the Northwest Iowa Community College Foundation as a blended component unit that meets the Governmental Accounting Standards Board criteria. The Northwest Iowa Community College Foundation has been audited separately and a report has been issued under separate cover. The audited financial statements are available at the College.

**Blended Component Unit**

Northwest Iowa Community College Foundation is a non-profit corporation, whose goal is to provide support to the Community College and students, and whose financial activities are included as endowment funds in these financial statements. Northwest Iowa Community College Foundation primarily receives funds through donations to provide scholarships to students. The governing board of this organization has members who are also officers of the Community College. However, these members do not comprise a majority of the Foundation's board.

**NORTHWEST IOWA COMMUNITY COLLEGE**  
**Notes To Financial Statements**  
**June 30, 2004**

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**Note 1 - Summary of Significant Accounting Policies – (Continued)**

Net assets of the Foundation at June 30, 2004, include the following:

Unrestricted Net Assets	\$ 246,746
Temporarily Restricted Net Assets	545,414
Permanently Restricted Net Assets	750,878
	<u>\$ 1,543,038</u>

**B. Basis of Presentation**

GASB Statement No. 35 establishes standards for external financial reporting for public colleges and universities and requires resources to be classified for accounting and reporting purposes into the following four net asset categories:

Invested in Capital Assets, Net of Related Debt: Capital assets, net of accumulated depreciation and outstanding debt obligations attributable to the acquisition, construction or improvement of those assets.

Restricted Net Assets:

Nonexpendable – Net assets subject to externally imposed stipulations that they be maintained permanently by the Community College, including the Community College's permanent endowment funds, and a cash reserve required by Iowa Code.

Expendable – Net assets whose use by the Community College is subject to externally imposed stipulations that can be fulfilled by actions of the Community College, pursuant to those stipulations or that expire by the passage of time.

Unrestricted Net Assets: Net assets that are not subject to externally imposed situations. Resources may be designated for specific purposes by action of management or by the Board of Directors or may otherwise be limited by contractual agreements with outside parties.

GASB Statement No. 35 also requires that Statements of Net Assets, Revenues, Expenses and Changes in Net Assets and Cash Flows be reported on a consolidated basis. These basic financial statements report information on all of the activities of the Community College. For the most part, the effect of interfund activity has been removed from these statements.

**NORTHWEST IOWA COMMUNITY COLLEGE**  
**Notes To Financial Statements**  
**June 30, 2004**

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**Note 1 - Summary of Significant Accounting Policies – (Continued)**

C. Measurement Focus and Basis of Accounting

For financial reporting purposes, Northwest Iowa Community College is considered a special-purpose government engaged only in business type activities as defined in GASB Statement No. 34. Accordingly, the basic financial statements of the College have been prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

D. Assets, Liabilities and Net Assets

The following accounting policies are followed in preparing the balance sheet:

Cash and Pooled Investments – Investments consist of non-negotiable savings and certificates of deposit and are stated at cost which approximates fair value.

For the purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amount of cash, and at the day of purchase, they have a maturity date no longer than three months.

Short-Term Interfund Receivables/Payables – During the course of its operations, the Community College had numerous transactions between funds. To the extent that certain transactions between funds had not been paid or received, as of June 30, 2004, balances of interfund amounts receivable or payable have been recorded as “due to other funds” and “due from other funds”, respectively.

Due from Other Governments – This asset represents state aid, grants and reimbursements due from the State of Iowa, grants and reimbursements due from the Federal government, and amounts due from local municipalities.

Inventories – Inventories are valued at lower of cost (first-in, first-out method) or market. The cost is recorded as an expenditure at the time individual inventory items are consumed.

Property Tax Receivable – Property tax receivable is recognized on the levy or lien date, which is the date that the tax asking is certified by the Board of Directors to the appropriate County Auditors. Current year delinquent property taxes receivable represents unpaid taxes from the current year. The succeeding year property tax receivable represents taxes certified by the Board of Directors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Directors is required to certify its budget to the County Auditor by June 1 of

**NORTHWEST IOWA COMMUNITY COLLEGE**  
**Notes To Financial Statements**  
**June 30, 2004**

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**Note 1 - Summary of Significant Accounting Policies – (Continued)**

each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred and will not be recognized as revenue until the year for which it is levied.

Receivable for Iowa Industrial New Jobs Training Program (NJTP) – This represents the amount to be remitted to the Community College for training projects entered into between the Community College and employers under the provisions of Chapter 260E of the Code of Iowa. The receivable amount is based on expenditures incurred through June 30, 2004, on NJTP projects, plus interest incurred on NJTP certificates, less revenues received to date.

Capital Assets – Capital assets, which include land, buildings and improvements and equipment and vehicles, are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized. No interest costs were capitalized since there were no qualifying assets.

Capital assets are defined by the Community College as assets with initial, individual costs in excess of \$5,000.

Depreciation is computed using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u> <u>(In Years)</u>
Buildings	30
Other structures and improvements	30
Equipment	5-10
Vehicles	5-10

The Community College does not capitalize or depreciate library books. The value of each book falls below the capital asset threshold and the balance was deemed immaterial to the financial statements.

Salaries and Benefits Payable – Payroll and related expenses for instructors with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

**NORTHWEST IOWA COMMUNITY COLLEGE**  
**Notes To Financial Statements**  
**June 30, 2004**

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**Note 1 - Summary of Significant Accounting Policies – (Continued)**

Deferred Revenue – When assets are recognized in connection with a transaction before the earnings process is complete, those assets must be offset by a corresponding liability for deferred revenue. Deferred revenue consists of succeeding year property tax receivable, tuition deposits, and unearned revenue on 260 E and F projects.

Compensated Absences – Community College employees accumulate a limited amount of earned but unused vacation hours for subsequent use or for payment upon termination, death or retirement. Amounts representing the cost of compensated absences plus related benefits are recorded as liabilities of the appropriate fund. These liabilities have been computed based on rates of pay in effect at June 30, 2004.

Auxiliary Enterprise Revenues – Auxiliary enterprise revenues primarily represent revenues generated by the bookstore, dormitories, parts, printing and reproduction, and trade and industry.

Summer Session – The College operates summer sessions during May, June, and July. Revenues and expenses for the summer sessions are recorded in the prior fiscal year.

Tuition and Fees – Tuition and fees revenues are reported net of scholarship allowances, while other payments made directly to students are presented as scholarship expenses.

Operating and Non-Operating Activities – Operating activities, as reported in the Statement of Revenues, Expenses and Changes in Net Assets, are transactions that result from exchange transactions, such as payments received for providing services and payments made for services or goods received. Non-operating activities include state appropriations, property tax and interest income.

**E. Scholarship Allowances and Student Aid**

Financial aid to students is reported in the financial statements under the alternative method, as prescribed by the National Association of College and University Business Officers (NACUBO). Certain aid (loans, funds provided to students as awarded by third parties) is accounted for as third party payments (credited to the student's account as if the student made the payment). All other aid is reflected in the financial statements as operating expenses or scholarship allowances, which reduce revenues. The amount reported as operating expenses represents the portion of aid that was provided to the student in the form of cash. Scholarship allowances represent the portion of aid provided to the student in the form of reduced tuition. Under the alternative method, these amounts are computed on a total College basis by allocating the cash payments to students, excluding payments for services, on the ratio of all aid to the aid not considered to be third party aid.

**NORTHWEST IOWA COMMUNITY COLLEGE**  
**Notes To Financial Statements**  
**June 30, 2004**

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**Note 2 - Cash and Pooled Investments**

The Community College's deposits in banks at June 30, 2004, were entirely covered by Federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This Chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The Community College is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Directors; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements, certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

All of the College's investments are in savings accounts, certificates of deposit or money-market accounts.

**Note 3 - Accounts Receivable and Credit Policies**

Accounts receivable includes \$59,085 for uncollateralized student obligations stated at the amount billed to the student plus any accrued and unpaid interest. The carrying amount of accounts receivable is reduced by an allowance of \$4,431 that reflects management's best estimate of the amounts that will not be collected. Management reviews all accounts receivable balances that are delinquent and estimates the portion, if any, of the balance that will not be collected.

Each student is required to pay the balance on their account by the first day of class. A payment plan is available for a \$10.00 fee plus \$1.00 per credit hour enrolled. No interest charges or other fees are assessed to student accounts on the monthly payment plan, unless a payment is delinquent. Students must have their accounts paid by the first day of classes or use college payment plan. If they do not pay and are not on our payment plan, they are taken out of their courses and not allowed in class.

**Note 4 - Inventories**

The Community College's inventories at June 30, 2004, are as follows:

Parts, Supplies and Materials	\$ 29,079
Merchandise Held for Resale-Bookstore	106,225
Other-Bookstore	<u>51,868</u>
Total	<u>\$ 187,172</u>

**NORTHWEST IOWA COMMUNITY COLLEGE**  
**Notes To Financial Statements**  
**June 30, 2004**

**NOTE 5 - Capital Assets**

Capital assets activity for the year ended June 30, 2004 is as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End Of Year
Capital Assets, not being depreciated:				
Land	\$ 346,880			\$ 346,880
Construction in Progress	104,652	\$ 831,820		936,472
Software Development in Progress	191,257	48,627		239,884
Total Capital Assets, not being depreciated	<u>642,789</u>	<u>880,447</u>		<u>1,523,236</u>
Capital Assets, being depreciated:				
Buildings	10,679,687			10,679,687
Other Structures and Improvements	777,639			777,639
Furniture, Machinery and Equipment	4,344,455	281,807	\$ 69,397	4,556,865
Total Capital Assets, being depreciated	<u>15,801,781</u>	<u>281,807</u>	<u>69,397</u>	<u>16,014,191</u>
Less Accumulated Depreciation for:				
Buildings and Other Structures and Improvements	5,399,582	323,550		5,723,132
Furniture, Machinery and Equipment	2,701,083	297,572	59,447	2,939,208
Total Accumulated Depreciation	<u>8,100,665</u>	<u>621,122</u>	<u>59,447</u>	<u>8,662,340</u>
Total Capital Assets, Being Depreciated, Net	<u>\$ 7,701,116</u>	<u>\$ (339,315)</u>	<u>\$ 9,950</u>	<u>\$ 7,351,851</u>

Furniture, machinery and equipment include \$384,480 of assets acquired under capital lease.  
Other structures and improvements include \$14,361 of assets acquired under capital lease.

Construction in progress relates to architectural services and construction contracts for the  
Healthcare Addition and Remodeling at Building "D" with a remaining commitment of \$311,514.

Software Development in Progress relates to the purchase and implementation of Datatel  
software with a remaining commitment of \$172,572.

The Community College signed a joint use operating lease agreement for the use of space at 950  
Corporate Center, Sioux Center, Iowa on January 1, 2003. The agreement is a commitment of  
\$5,000 a year for five years through December 31, 2007.

**NORTHWEST IOWA COMMUNITY COLLEGE**  
**Notes To Financial Statements**  
**June 30, 2004**

**NOTE 6 – Changes in Long-Term Liabilities**

A summary of changes in long-term debt for the year ended June 30, 2004, is as follows:

	<u>Certificates Payable</u>	<u>Notes Payable</u>	<u>Bonds Payable</u>	<u>Total</u>
Balance Beginning of Year	\$ 5,800,000	\$ 287,500	\$ 270,000	\$6,357,500
Additions	1,125,000			1,125,000
Reductions	790,000	52,500	35,000	877,500
Balance End of Year	<u>\$ 6,135,000</u>	<u>\$ 235,000</u>	<u>\$ 235,000</u>	<u>\$6,605,000</u>

Certificates Payable

In accordance with agreements dated between December 9, 1985 and May 1, 2004, the Community College issued certificates totaling \$12,380,000, with interest rates ranging from 2.6% to 8.1% per annum. The debt was incurred to fund the development and training costs incurred relative to implementing Chapter 260E of the Code of Iowa, Iowa Industrial New Jobs Training Program (NJTP). NJTP's purpose is to provide tax-aided training for employees of industries which are new to or are expanding their operations within the State of Iowa. Interest is payable semiannually, while principal payments are due annually. The certificates are to be retired by proceeds from anticipated job credits from withholding taxes, incremental property taxes, budgeted reserves and in the case of default from standby property taxes.

Long-Term Debt

The certificates will mature as follows:

<u>Years Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	\$ 995,000	\$ 374,602	\$ 1,369,602
2006	990,000	319,625	1,309,625
2007	1,025,000	261,300	1,286,300
2008	905,000	196,610	1,101,610
2009	840,000	137,945	977,945
2010 to 2014	1,380,000	152,697	1,532,697
Total	<u>\$ 6,135,000</u>	<u>\$ 1,442,779</u>	<u>\$ 7,577,779</u>

Notes Payable

The Community College has issued two notes as allowed by Section 260C.58 of the Code of Iowa.

The first note, for the purchase of equipment, was issued for \$125,000 during the year ended June 30, 2000. There is no stated interest rate and the note is payable in annual installments of \$12,500 each July beginning on July 1, 2000. The note balance at June 30, 2004 is \$75,000. The note is unsecured.

**NORTHWEST IOWA COMMUNITY COLLEGE**  
**Notes To Financial Statements**  
**June 30, 2004**

**NOTE 6 – Changes in Long-Term Liabilities – (Continued)**

The second note, to finance building expansion, was issued for \$200,000 during the year ended June 30, 2003. There is no stated interest rate and the note is payable in annual installments of \$40,000 each September beginning on September 9, 2003. The note balance at June 30, 2004 is \$160,000. The note is unsecured.

Bonds Payable

On December 1, 2001, the Community College advance refunded its 1992 dormitory building construction bonds. The Community College issued \$335,000 dormitory refunding revenue bonds with interest rates ranging from 2.50% to 4.30% to provide resources to purchase U.S. Government Securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the Plant Fund. This refunding was undertaken to reduce total debt service payments over the next 8 years by \$81,590.

The Dormitory refunding bonds will mature as follows:

<u>Years</u> <u>Ending</u> <u>June 30,</u>	<u>Interest</u> <u>Rates</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	3.40%	\$ 35,000	\$ 9,190	\$ 44,190
2006	3.60%	40,000	8,000	48,000
2007	3.80%	35,000	6,560	41,560
2008	4.05%	40,000	5,230	45,230
2009	4.20%	45,000	3,610	48,610
2010	4.30%	40,000	1,720	41,720
Total		\$ 235,000	\$ 34,310	\$ 269,310

**NOTE 7 – Iowa Public Employees Retirement System (IPERS)**

The Community College contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing, multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 3.7% of their annual covered salary and the Community College is required to contribute 5.75% of annual payroll. Contribution requirements are established by State statute. The Community College's contribution to IPERS for the years ended June 30, 2004, 2003, and 2002 were \$115,925, \$120,957, and \$124,118 respectively, equal to the required contribution.

**NORTHWEST IOWA COMMUNITY COLLEGE**  
**Notes To Financial Statements**  
**June 30, 2004**

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**NOTE 8 – Teachers Insurance and Annuity Association – College Retirement Equities (TIAA-CREF)**

The Community College contributes to the TIAA-CREF retirement program, which is a defined contribution plan. TIAA administers the retirement plan for the Community College. The defined contribution retirement plan provides individual annuities for each plan participant. As required by the Code of Iowa, all eligible Community College employees must participate in a retirement plan from the date they are employed. Contributions made by both employer and employee vest immediately. As specified by the contract with TIAA-CREF, and in accordance with the Code of Iowa, each employee is required to contribute 3.7% and the Community College is required to contribute 5.75%. The Community College and employee required and actual contribution to TIAA-CREF for the year ended June 30, 2004, was \$130,939 and \$84,256, respectively.

**NOTE 9 – New Jobs Training Programs**

The Community College administers the Iowa Industrial New Jobs Training Program (NJTP) in Area IV in accordance with Chapter 260E of the Code of Iowa. NJTP's purpose is to provide tax-aided training or retraining for employees of industries which are new to or are expanding their operations within the State of Iowa. Certificates are sold by the Community College to fund approved projects and are to be retired by proceeds from anticipated jobs credits from withholding taxes, incremental property taxes, budgeted reserves and in the case of default, from standby property taxes. Since inception, the Community College has administered forty-four projects with eleven currently receiving project funding. The thirty-three remaining projects have been completed, and only repayment of the certificates is left. In cases where projects exceed the budgeted amounts, the Community College intends to obtain additional withholding revenue from the companies.

The Community College also administers the Iowa Small Business New Jobs Training Program (SBNJTP) in Area IV in accordance with Chapter 260F of the Code of Iowa. SBNJTP's purpose is to provide tax-aided training or retraining for employees of small businesses which are new to or are expanding their operations within the State of Iowa. Approved small businesses receive loans from the Iowa Employment Training Fund, a State administered fund. Since inception, the Community College has administered 38 projects, with 13 currently receiving project funding.

The Community College is also involved in the Iowa Accelerated Career Education (ACE) Program in Area IV in accordance with Chapter 260G of the Code of Iowa. ACE's purpose is to provide financial assistance for business driven training programs. The Community College received a state grant for \$291,837 for the construction of a new facility for the associate degree in nursing program. The second aspect of this program provides funding for the operational costs of a program through withholding credits and a 20% employer match. The Community College has five 260G programs, general machinist, industrial instrumentation, practical nursing, and two associate nursing programs.

**NORTHWEST IOWA COMMUNITY COLLEGE**  
**Notes To Financial Statements**  
**June 30, 2004**

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**NOTE 10 – Contingent Liability – Early Retirement**

Full-time, certified staff who will be 55 years of age through 65 years of age and who have at least 10 years of service with the Community College are eligible for early retirement remuneration. Retirement will be effective subsequent to appropriate approval and at the end of the Community College quarter. A staff member who accepts early retirement, will receive a one-time cash payment benefit of 3% per year for each complete year of full-time service to the Community College, times his/her annual salary during the year of retirement, not to exceed the employee's annual salary. In addition, the Community College will set aside funds to pay the retiree's and retiree's spouse's health/dental insurance premium from the time of retirement until the month of the retiree's 65<sup>th</sup> birthday and until the month of the spouse's 65<sup>th</sup> birthday if the retiring employee covered the spouse at retirement, respectively. The liability for all employees who have accepted early retirement is recorded in the restricted early retirement fund. As of June 30, 2004, the potential liability if all eligible employees accepted early retirement has not been determined.

**NOTE 11 – Risk Management**

The Community College carries commercial insurance purchased from other insurers for coverage associated with general liability, automobile liability and physical damage, property and inland marine, errors and omissions, crime insurance, fiduciary bonds, boiler and machinery insurance, and health and dental insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Prior to July 31, 2003, the Community College self-insured for health and dental coverage. The insurance reserve liability of \$150,000 is maintained in case the Community College decides to self-insure in the future.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**NORTHWEST IOWA COMMUNITY COLLEGE**  
**Budgetary Comparison Schedule of Expenditures –**  
**Budget and Actual**  
**June 30, 2004**

Funds/Levy	Budget	Amendment	Amended Budget	Actual	Variance Between Actual and Budget
Unrestricted	\$ 7,512,879	-	\$ 7,512,879	\$ 7,494,080	\$ 18,791
Restricted	4,160,000	-	4,160,000	2,604,691	1,555,309
Unemployment	20,000	-	20,000	353	19,647
Insurance	132,000	-	132,000	126,151	5,849
Early Retirement	293,360	-	293,360	12,533	280,827
Equipment Replacement	240,360	-	240,270	205,424	34,846
Total Restricted	4,845,630	-	4,845,630	2,949,152	1,896,478
Plant	1,200,000	\$ 400,000	1,600,000	1,404,412	195,588
Total	\$ 13,558,059	\$ 400,000	\$ 13,958,509	\$ 11,847,652	\$ 2,110,857

**NORTHWEST IOWA COMMUNITY COLLEGE**  
**Note to Required Supplementary Information –**  
**Budgetary Reporting**  
**June 30, 2004**

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The Board of Directors annually prepares a budget designating the proposed expenditures for operation of the Community College on a basis consistent with U.S. generally accepted accounting principles. Following required public notice and hearing and in accordance with Chapter 260C of the Code of Iowa, the Board of Directors certifies the approved budget to the appropriate county auditors and then submits the budget to the State Board of Education for approval. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Formal and legal budgetary control is based on total operating expenditures.

Budgets are not required to be adopted for the Auxiliary Enterprises subgroup, Job Training Partnership Act Accounts, Scholarships and Grants Accounts, Loan Funds, Endowment Funds and Agency Funds.

## **OTHER SUPPLEMENTARY INFORMATION**

**NORTHWEST IOWA COMMUNITY COLLEGE**  
**Notes to Other Supplementary Information**  
**June 30, 2004**

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Supplemental Financial Statements

The supplemental financial information of the Community College is presented on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, fund balance, revenue and expenditures. These funds use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The various fund groups and their designated purposes are as follows:

Current Funds – The current funds are utilized to account for those economic resources that are expendable for the purpose of performing the primary and supporting missions of the Community College and consist of the following:

Unrestricted Fund – The Educational and Support subgroup of the Unrestricted Fund accounts for the general operations of the Community College. All property tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this subgroup. From this subgroup are paid the general operating expenses, the fixed charges and the expenditures for plant assets that are not paid from other funds.

The Auxiliary Enterprises subgroup accounts for activities which are intended to provide non-instructional services for sales to students, staff, and/or institutional departments and which are supplemental to the educational and general objectives of the Community College. In addition, it accounts for activities which provide instructional and laboratory experiences for students and which incidentally create goods and services that may be sold to students, faculty, staff and the general public.

Restricted Fund – The Restricted Fund is used to account for resources that are available for the operation and support of the educational program but which are restricted as to their use by donors or outside agencies.

Loan Funds – The Loan Funds are used to account for loans to students, and are financed primarily by contributions from private citizens.

Endowment Fund – The Northwest Iowa Community College Foundation is reported as an endowment fund since the net assets are maintained under the separate control of the Foundation Board and are not accessible directly by the Community College. A significant portion of the Foundation net assets are restricted by donors where the principal is maintained inviolate and only the income from those funds may be used.

Plant Funds – The Plant Funds are used to account for transactions relating to investment in the Community College properties and consist of the following self-balancing subfunds:

Unexpended – This subfund is used to account for the unexpended resources derived from various sources for the acquisition or construction of plant assets.

Retirement of Indebtedness – This subfund is used to account for the accumulation of resources for principal and interest payments on plant indebtedness.

**NORTHWEST IOWA COMMUNITY COLLEGE**  
**Notes to Other Supplementary Information**  
**June 30, 2004**

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Investment in Plant – This subfund is used to account for the excess of the carrying value of plant assets over the related liabilities.

Agency Funds – The Agency Funds are used to account for assets held by the Community College in a custodial capacity or as an agent for others. Agency Funds' assets equal liabilities. Transactions of the Agency Funds represent charges or credits to the individual asset and liability accounts and do not involve measurement of revenues or expenditures.

Statements presented in the supplemental information are reported using the "current financial resources measurement focus" and the accrual basis of accounting with modifications for depreciation and other items included in the adjustments column. The statement of revenues, expenditures and changes in fund balance is a statement of financial activities related to the current reporting period. It does not purport to present the results of operations or net income or loss for the period as would a statement of income or a statement of revenues and expenses.

**NORTHWEST IOWA COMMUNITY COLLEGE**  
**BALANCE SHEET**  
**JUNE 30, 2004**

	Current Funds				Loan Funds
	Unrestricted	New Jobs Training	Other Restricted		
<b>Assets</b>					
Cash and Pooled Investments	\$ 3,801,395	\$ 3,118,636	\$ 1,189,559	\$	12,983
Receivables:					
Accounts	427,099				
Property Tax:					
Current Year Delinquent	5,702		7,020		
Succeeding Year	471,956		417,960		
Notes					90
Due from Other Funds	1,346				
Due from Other Governmental Agencies	68,267		48,787		
Iowa Industrial New Jobs Training Program		3,016,364			
Inventories	187,172				
Prepaid Expenses	4,550				
Capital Assets					
Land					
Buildings					
Construction in Progress					
Software Development					
Other Structures and Improvements					
Furniture, Machinery and Equipment					
Accumulated Depreciation					
Endowment Investments					
<b>Total Assets</b>	<b>\$ 4,967,487</b>	<b>\$ 6,135,000</b>	<b>\$ 1,663,326</b>	<b>\$</b>	<b>13,073</b>

See Accompanying Independent Auditor's Report

Endowment Fund	Plant Funds			Agency Funds	Adjustments	Total
	Unexpended	Retirement of Indebtedness	Investment in Plant			
	\$ 1,377,030	\$ 57,832		\$ 61,635		\$ 9,619,070
	299			1,024		428,422
	5,702					18,424
	471,956					1,361,872
						90
	366,666			102,575	\$ (1,346)	-
						586,295
						3,016,364
						187,172
						4,550
			\$ 346,880			346,880
			10,679,687			10,679,687
			936,472			936,472
			239,884			239,884
			777,639			777,639
			4,556,865			4,556,865
					(8,662,340)	(8,662,340)
\$ 1,543,038						1,543,038
\$ 1,543,038	\$ 2,221,653	\$ 57,832	\$ 17,537,427	\$ 165,234	\$ (8,663,686)	\$ 25,640,384

See Accompanying Independent Auditor's Report

**NORTHWEST IOWA COMMUNITY COLLEGE**  
**BALANCE SHEET**  
**JUNE 30, 2004**

	Current Funds			Loan Funds
	Unrestricted	Restricted		
		New Jobs Training	Other Restricted	
<b>Liabilities and Equity</b>				
Liabilities:				
Accounts Payable	\$	180,123	\$	34,897
Salaries and Benefits Payable		119,173		1,541
Interest Payable				
Due to Other Funds				1,346
Deferred Revenue				
Succeeding Year Property Tax		471,956		417,960
Other		210,907		74,636
Early Retirement Payable				330,147
Compensated Absences		174,075		4,212
Insurance Reserve		150,000		
Deposits Held in Custody for Others		9,661		
Certificates Payable		\$	6,135,000	
Notes Payable		75,000		
Bonds Payable				
Total Liabilities		1,390,895	6,135,000	864,739
				-
Fund Balance:				
Invested in Capital Assets, Net of Related Debt				
Fund Balances:				
Restricted				
Nonexpendable:				
Cash Reserve				119,015
Permanent Foundation Net Assets				
Expendable:				
Loans			\$	13,073
Other Foundation Net Assets				
Other				679,572
Unrestricted		3,576,592		
Total Fund Balances		3,576,592	-	798,587
Total Liabilities and Equity	\$	4,967,487	\$	6,135,000
			\$	1,663,326
			\$	13,073

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Endowment Fund	Plant Funds			Agency Funds	Adjustments	Total
	Unexpended	Retirement of Indebtedness	Investment in Plant			
	\$ 147,947			\$ 2,702		\$ 365,669
		\$ 766				120,714
					\$ (1,346)	766
						-
	471,956					1,361,872
\$ 92,604					(92,604)	285,543
				3,979		330,147
						182,266
						150,000
				158,553		168,214
			\$ 160,000			6,135,000
			235,000			235,000
						235,000
92,604	619,903	766	395,000	165,234	(93,950)	9,570,191
			17,142,427		(8,662,340)	8,480,087
750,878						119,015
						750,878
699,556						13,073
		57,066			92,604	792,160
						736,638
	1,601,750					5,178,342
1,450,434	1,601,750	57,066	17,142,427	-	(8,569,736)	16,070,193
\$ 1,543,038	\$ 2,221,653	\$ 57,832	\$ 17,537,427	\$ 165,234	\$ (8,663,686)	\$ 25,640,384

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**NORTHWEST IOWA COMMUNITY COLLEGE  
STATEMENT OF REVENUES, EXPENDITURES  
AND OTHER CHANGES IN FUND BALANCES  
YEAR ENDED JUNE 30, 2004**

	Current Funds		
	Unrestricted	Restricted	
		Jobs Training	Other Restricted
Revenues and other additions:			
General:			
State Appropriations	\$ 3,568,042		\$ 182,992
Tuition and Fees	3,079,620		
Property tax	538,284		662,757
Federal Appropriations	240,418		1,230,997
Interest on Investments	90,830	\$ 2,394	22,225
Rental of College Facilities	15,209		
Sale of Capital Assets			
Iowa Industrial New Jobs Training Program		1,013,191	
Increase in Plant Investment Due to Donated Plant Assets			
Increase in Plant Investment Due to Plant Expenditures			
Increase in Plant Investment Due to Retirement of Debt			
Miscellaneous	222,224	-	334,328
Total General	7,754,627	1,015,585	2,433,299
Auxiliary Enterprises:			
State Appropriations	232,540		
Tuition and Fees	29,683		
Sales and Services	1,139,147		
Interest on Investments	29,988		
Miscellaneous	650,188		
Total Auxiliary Enterprises	2,081,546	-	-
Foundation Revenue, Gains & Support			
Total Revenues and Other Additions	\$ 9,836,173	\$ 1,015,585	\$ 2,433,299

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Loan Funds	Endowment Funds	Plant Funds			Adjustments	Total
		Unex- pended	Retirement of Indebtedness	Investment in Plant		
		\$ 850,810			\$ (650,362)	\$ 4,601,844
		538,284				2,429,258
		20,330				1,739,325
		20,967				1,471,415
					(9,951)	135,779
						15,209
						11,016
				\$ 6,000	(6,000)	1,013,191
				1,156,254	(1,156,254)	-
				75,000	(75,000)	-
						556,552
-	-	1,430,391	-	1,237,254	(1,897,567)	11,973,589
						232,540
						29,683
					(270,549)	868,598
						29,988
						650,188
-	-	-	-	-	(270,549)	1,810,997
	\$ 593,581				92,604	686,185
-	\$ 593,581	\$ 1,430,391	-	\$ 1,237,254	\$ (2,075,512)	\$ 14,470,771

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**NORTHWEST IOWA COMMUNITY COLLEGE  
STATEMENT OF REVENUES, EXPENDITURES  
AND OTHER CHANGES IN FUND BALANCES  
YEAR ENDED JUNE 30, 2004**

	Current Funds		
	Unrestricted	Restricted	Other Restricted
Expenditures and other deductions:			
Education and Support:			
Liberal Arts and Sciences	\$ 882,087		\$ -
Vocational Technical	2,752,091		236,511
Adult Education	711,687		-
Cooperative Services	6,634	\$ 1,015,585	
Administration	552,505		18,944
Student Services	637,210		2,724
Learning Resources	159,701		
Physical Plant	497,577		126,274
General Institution	1,174,445		488,966
Total Education and Support	7,373,937	1,015,585	873,419
Auxiliary Enterprises	1,730,754		
Scholarships and Grants			970,644
Plant Asset Acquisitions			
Retirement of Indebtedness			
Disposal of Plant Assets			
Interest on Indebtedness			
Depreciation			
Foundation Program & Supporting Services			
Total Expenditures	9,104,691	1,015,585	1,844,063
Excess (Deficiency) of Revenues and Other Additions			
Over (Under) Expenditures and Other Deductions	731,482	-	589,236
Transfers:			
Mandatory Transfers			
Non-mandatory Transfers	(33,508)	-	-
Total Transfers	(33,508)	-	-
Net	697,974	-	589,236
Fund Balances Beginning of Year	2,878,618	-	716,610
Fund Balances End of Year	\$ 3,576,592	\$ -	\$ 1,305,846

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Loan Funds	Endowment Funds	Plant Funds			Adjustments	Total
		Unex- pended	Retirement of Indebtedness	Investment in Plant		
	\$ 402,080				\$ (32,067)	\$ 850,020
					(3,255)	3,387,427
					(48,967)	662,720
					(2,050)	1,020,169
					5,619	577,068
					2,520	642,454
					65,925	225,626
		\$ 186,913				810,764
					164,889	1,828,300
-	402,080	186,913	-	-	152,614	10,004,548
						1,730,754
	123,633				(777,749)	316,528
		1,458,030			(1,458,030)	-
			\$ 75,000		(75,000)	-
				\$ 69,397	(69,397)	-
				10,184		10,184
					621,121	621,121
	6,963					6,963
-	532,676	1,644,943	85,184	69,397	(1,606,441)	12,690,098
-	60,905	(214,552)	(85,184)	1,167,857	(469,071)	1,780,673
		(85,184)	85,184			-
	(6,000)	546,767				507,259
-	(6,000)	461,583	85,184	-	-	507,259
-	54,905	247,031	-	1,167,857	(469,071)	2,287,932
\$ 13,073	1,395,529	1,354,719	57,066	15,974,570	(8,100,665)	14,289,520
\$ 13,073	\$ 1,450,434	\$ 1,601,750	\$ 57,066	\$ 17,142,427	\$ (8,569,736)	\$ 16,577,452

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**NORTHWEST IOWA COMMUNITY COLLEGE  
UNRESTRICTED FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
EDUCATION AND SUPPORT  
FOR THE YEAR ENDED JUNE 30, 2004**

	Education			
	Liberal Arts and Science	Vocational Technical	Adult Education	Cooperative Services
<b>REVENUES</b>				
State Appropriations	\$ 582,953	\$ 1,421,184	\$ 1,560,000	
Tuition and Fees	1,024,876	1,732,453	296,670	
Property Tax				
Federal Appropriations		75,012	132,369	\$ 10,000
Rental of College Facilities				
Interest on Investments				
Miscellaneous	3,000	200,593		
	<u>1,610,829</u>	<u>3,429,242</u>	<u>1,989,039</u>	<u>10,000</u>
Allocation of Support Services	160,267	300,268	244,733	10,249
	<u>1,771,096</u>	<u>3,729,510</u>	<u>2,233,772</u>	<u>20,249</u>
<b>Total Revenues</b>				
<b>EXPENDITURES</b>				
Salaries and Benefits	826,176	2,327,632	543,322	5,197
Services	34,357	229,703	122,715	1,179
Materials and Supplies	21,554	186,108	19,077	199
Travel		8,648	26,573	59
Plant Asset Acquisitions				
Miscellaneous				
	<u>882,087</u>	<u>2,752,091</u>	<u>711,687</u>	<u>6,634</u>
Allocation of Support Services	676,766	1,267,952	1,033,441	43,279
	<u>1,558,853</u>	<u>4,020,043</u>	<u>1,745,128</u>	<u>49,913</u>
<b>Total Expenditures</b>				
Excess (Deficiency) of Revenues Over (Under) Expenditures	212,243	(290,533)	488,644	(29,664)
<b>TRANSFERS</b>				
Non-Mandatory Transfers In				
Non-Mandatory Transfers Out	(82,909)	(155,335)	(126,605)	(5,302)
Net	<u>\$ 129,334</u>	<u>\$ (445,868)</u>	<u>\$ 362,039</u>	<u>\$ (34,966)</u>

Fund Balances Beginning of Year

Fund Balances End of Year

Note: The support services allocations are based on the percentage of contact hours reported.

Support Services					Total Education and Support Services
General Administration	Student Services	Learning Resources	Physical Plant	General Institution	
		\$ 216	\$ 3,689		\$ 3,568,042
	\$ 25,621				3,079,620
\$ 538,284					538,284
23,037					240,418
			\$ 15,209		15,209
84,720				\$ 6,110	90,830
17,843				788	222,224
663,884	25,621	216	18,898	6,898	7,754,627
(663,884)	(25,621)	(216)	(18,898)	(6,898)	-
-	-	-	-	-	7,754,627
451,188	564,857	114,898	348,514	623,134	5,804,918
72,443	40,748	9,350	102,997	414,479	1,027,971
13,410	25,473	35,453	24,153	74,656	400,083
15,464	6,132		21,913	48,924	127,713
					-
				13,252	13,252
552,505	637,210	159,701	497,577	1,174,445	7,373,937
(552,505)	(637,210)	(159,701)	(497,577)	(1,174,445)	-
-	-	-	-	-	7,373,937
-	-	-	-	-	380,690
(120,151)				(250,000)	(370,151)
120,151				250,000	-
-	-	-	-	\$ -	10,539
					922,575
					\$ 933,114

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**NORTHWEST IOWA COMMUNITY COLLEGE  
UNRESTRICTED FUND  
STATEMENT OF REVENUES, EXPENDITURES  
AND OTHER CHANGES IN FUND BALANCE  
AUXILIARY ENTERPRISES  
FOR THE YEAR ENDED JUNE 30, 2004**

	Bookstore	Dormitories	Carpentry
<b>REVENUES</b>			
State Appropriations			
Tuition and Fees			
Sales and Services (Net of Returns)	\$ 513,534	\$ 63,934	
Interest on Investments	2,436	2,030	\$ 2,866
Miscellaneous	2,672	1,475	2,028
Total Revenues	518,642	67,439	4,894
<b>EXPENDITURES</b>			
Salaries and Benefits	61,917		
Services	10,546	(4,844)	650
Materials and Supplies	3,582		1,757
Travel	76		
Plant Asset Acquisitions			
Cost of Goods Sold	405,222		
Private Scholarships			
Miscellaneous			
Total Expenditures	481,343	(4,844)	2,407
Excess of Revenues Over Expenditures	37,299	72,283	2,487
<b>TRANSFERS</b>			
Non-Mandatory Transfers In			
Non-Mandatory Transfers Out	(2,403)	(45,275)	
Net	34,896	27,008	2,487
Fund Balance Beginning of Year	308,761	169,050	81,992
Fund Balance End of Year	\$ 343,657	\$ 196,058	\$ 84,479

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Farm	Parts	Printing and Reproduction	Trade and Industry	Other	Total
\$ 140			\$ 155,785	\$ 76,615	\$ 232,540
				29,683	29,683
	\$ 237,062	\$ 97,948		226,669	1,139,147
2,184	1,228	2,423	9,157	7,664	29,988
685			393,916	249,412	650,188
3,009	238,290	100,371	558,858	590,043	2,081,546
		33,620	145,247	138,798	379,582
	37		291,955	103,312	401,656
75	143	28,318	18,391	139,117	191,383
			24,540	32,802	57,418
	224,739	105		57,821	687,887
				9,000	9,000
		(406)		4,234	3,828
75	224,919	61,637	480,133	485,084	1,730,754
2,934	13,371	38,734	78,725	104,959	350,792
				406,755	406,755
	(5,122)			(17,312)	(70,112)
2,934	8,249	38,734	78,725	494,402	687,435
45,379	106,878	86,337	467,998	689,648	1,956,043
<u>\$ 48,313</u>	<u>\$ 115,127</u>	<u>\$ 125,071</u>	<u>\$ 546,723</u>	<u>\$ 1,184,050</u>	<u>\$ 2,643,478</u>

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**NORTHWEST IOWA COMMUNITY COLLEGE  
RESTRICTED FUND  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2004**

	Scholarships and Grants	Equipment Replacement	Insurance
<b>REVENUES</b>			
State Appropriations	\$ 86,461		
Property Tax		\$ 239,434	\$ 131,416
Federal Appropriations	738,355		
Investment Income (Loss)			
Iowa Industrial New Jobs Training Program			
Miscellaneous	153,353		
Total Revenues	<u>978,169</u>	<u>239,434</u>	<u>131,416</u>
<b>EXPENDITURES</b>			
Salaries and Benefits			
Services			126,151
Material and Supplies		205,424	
Travel			
Interest in Indebtedness			
Plant Asset Acquisitions			
Federal Pell Grant Program	725,891		
Federal Supplemental Educational Opportunity Grant	12,464		
Federal TRIO and Title 3 Grant Program			
Iowa College Student Aid Commission	77,989		
Private Scholarships	154,300		
Total Expenditures	<u>970,644</u>	<u>205,424</u>	<u>126,151</u>
Excess (Deficiency) of Revenues Over Expenditures	7,525	34,010	5,265
<b>TRANSFERS</b>			
Non-Mandatory Transfers In			
Non-Mandatory Transfers Out			
Net	<u>7,525</u>	<u>34,010</u>	<u>5,265</u>
Fund Balances Beginning of Year	<u>(1,413)</u>	<u>8,381</u>	<u>28,618</u>
Fund Balances (Deficit) End of Year	<u>\$ 6,112</u>	<u>\$ 42,391</u>	<u>\$ 33,883</u>

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Unemployment Compensation	Early Retirement	Cash Reserve	Iowa Industrial New Jobs Training Program	Other	Total
	\$ 291,907			\$ 96,531	\$ 182,992
					662,757
				492,642	1,230,997
			\$ 2,394	22,225	24,619
			1,013,191		1,013,191
				180,975	334,328
<u>-</u>	<u>291,907</u>	<u>-</u>	<u>1,015,585</u>	<u>792,373</u>	<u>3,448,884</u>
\$ 353	12,533			388,146	401,032
			640,315	35,746	802,212
				37,930	243,354
				18,149	18,149
			375,270		375,270
					-
					725,891
					12,464
					-
					77,989
				48,987	203,287
<u>353</u>	<u>12,533</u>	<u>-</u>	<u>1,015,585</u>	<u>528,958</u>	<u>2,859,648</u>
(353)	279,374	-	-	263,415	589,236
			14,457		14,457
			(14,457)	(507,259)	(521,716)
<u>(353)</u>	<u>279,374</u>	<u>-</u>	<u>-</u>	<u>263,415</u>	<u>81,977</u>
45,108	(578,736)	\$ 119,016	-	1,095,636	716,610
<u>\$ 44,755</u>	<u>\$ (299,362)</u>	<u>\$ 119,016</u>	<u>\$ -</u>	<u>\$ 1,359,051</u>	<u>\$ 798,587</u>

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**NORTHWEST IOWA COMMUNITY COLLEGE  
AGENCY FUNDS  
STATEMENT OF CHANGES IN DEPOSITS HELD IN CUSTODY FOR OTHERS  
FOR THE YEAR ENDED JUNE 30, 2004**

	<u>Student Clubs and Organizations</u>	<u>Iowa Retraining Loan Program</u>	<u>NICC Foundation</u>	<u>Other</u>	<u>Total</u>
Balance Beginning of Year	\$ 49,261	\$ 4,475	\$ 97,004	\$ (17,499)	\$ 133,241
<b><u>ADDITIONS</u></b>					
State Appropriations					
Tuition and Fees	30,648				30,648
Federal Appropriations				12,024	12,024
Sales and Services					-
Interest on Investments			1,206		1,206
Gifts and Grants				217,797	217,797
Miscellaneous	<u>34,903</u>			<u>88,289</u>	<u>123,192</u>
Total Additions	65,551	-	1,206	318,110	384,867
<b><u>DEDUCTIONS</u></b>					
Salaries and Benefits	81		425	71,022	71,528
Services and Workshops	29,438			7,713	37,151
Material and Supplies	9,791			7,430	17,221
Travel	13,633			1,062	14,695
Scholarships and Awards	892			214,566	215,458
Miscellaneous	<u>729</u>			<u>2,773</u>	<u>3,502</u>
Total Deductions	54,564	-	425	304,566	359,555
Balance End of Year	<u>\$ 60,248</u>	<u>\$ 4,475</u>	<u>\$ 97,785</u>	<u>\$ (3,955)</u>	<u>\$ 158,553</u>

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**NORTHWEST IOWA COMMUNITY COLLEGE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2004**

<u>Grantor/Program</u>	<u>CFDA Number</u>	<u>Program Expenditures</u>	<u>New Loans and New Loan Guarantees</u>
Direct:			
U.S. Department of Education:			
Student Financial Aid Cluster:			
Federal Supplemental Educational Opportunity Grants	84.007	\$ 12,464	
Federal Family Education Loans	84.032		\$ 1,481,128
Federal Work-Study Program	84.033	33,443	
Federal Pell Grant Program	84.063	725,891	
Total for Student Financial Aid Cluster - Note 2		771,798	1,481,128
Higher Education - Institutional Aid	84.031	277,512	
TRIO Student Support Services	84.042	215,130	
Total Direct		1,264,440	1,481,128
Indirect:			
U.S. Department of Education:			
Indirect Through Iowa Department of Education:			
Adult Education - State Grant Program	84.002	132,369	
Vocational Education - Basic Grants to States	84.048	75,012	
Vocational Education - Sex Equity Grant	84.048A	10,000	
Tech-Prep Education	84.243	67,729	
Total Indirect		285,110	-
Total		<u>\$ 1,549,550</u>	<u>\$ 1,481,128</u>

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Note 1 - BASIS OF PRESENTATION- The above Schedule of Expenditures of Federal Awards includes the federal grant activity of Northwest Iowa Community College and is presented on the cash basis of accounting. The information in this schedule is presented in accordance with the requirements of the OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

Note 2 - MAJOR PROGRAM- Total expenditures from the Student Financial Aid Cluster are considered a major program.

**NORTHWEST IOWA COMMUNITY COLLEGE  
SCHEDULE OF COSTS COMPARED TO BUDGET  
IOWA INDUSTRIAL NEW JOBS TRAINING PROGRAM  
FOR THE YEAR ENDED JUNE 30, 2004**

Project Name	Project Costs			Subtotal
	Training and Wages	Administration	Legal and Issue Costs	
Rosenboom Machine & Tool - 94		\$ 213		\$ 213
Grand Labs - 94		87		87
Plum Building Systems - 96		588		588
DEMCO - 97		42		42
Foreign Candy Co. - 97		30		30
Vet Pharm - 97		66		66
Miller Loaders, Inc. - 97		39		39
Nemschoff Chairs - 97		123		123
Maintainer Corp. of Iowa - 97		111		111
Interstates Electric - 97		108		108
Link Manufacturing - 97		81		81
The Conveyor Company - 98	\$ 3,599	126		3,725
Rosenboom Machine & Tool - 98	5,860	174		6,034
Excel Specialty Products - 99		305		305
Foreign Candy Co. - 99	4,538	130		4,668
Med Tec - 99		60		60
Data Dimensions - 99		5		5
Pella Corp. - 00		330		330
Link Manufacturing - 00	29,837	70		29,907
Hayes-Albion - 00		70		70
Valley Machining - 00		30		30
Pella Corp. - 01	105,805	273		106,078
Vet Pharm - 01	23,223	49		23,272
SL Energy and Livestock - 01	29,366	28		29,394
Advanced Brands	43,619	350		43,969
Interstates Electric - 03				
Revival Animal Health - 03				
Little Sioux Corn Processors - 03				
Patrick Cudahy - 04	98,986	143,123	\$ 4,991	247,100
Total Component Solutions - 04	39,439	35,043	1,248	75,730
Novartis Animal Health - 04	5,698	60,372	2,080	68,150
Total	<u>\$ 389,970</u>	<u>\$ 242,026</u>	<u>\$ 8,319</u>	<u>\$ 640,315</u>

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Retirement Costs		Current Year Costs	Less: Non-Budgeted Costs	Prior Period Budgeted Costs	Total Budgeted Costs	Budget
Debt	Interest					
\$ 35,000	\$ 3,062	\$ 38,275	\$ 38,062	\$ 222,305	\$ 222,518	\$ 245,000.00
15,000	1,312	16,399	16,312	91,369	91,456	100,000
15,000	2,362	17,950	17,362	91,233	91,821	100,000
10,000	3,403	13,445	13,403	81,089	81,131	105,000
10,000	2,470	12,500	12,470	64,366	64,396	70,000
10,000	3,097	13,163	13,097	68,181	68,247	75,000
10,000	4,025	14,064	14,025	19,349	19,388	95,000
15,000	5,162	20,285	20,162	83,017	83,140	140,000
15,000	5,167	20,278	20,167	80,686	80,797	130,000
30,000	9,282	39,390	39,282	228,113	228,221	265,000
20,000	6,188	26,269	26,188	154,805	154,886	200,000
30,000	11,280	45,005	41,280	266,547	270,272	320,000
40,000	15,858	61,892	55,858	198,941	204,975	385,000
55,000	27,026	82,331	82,026	476,783	477,088	535,000
25,000	11,002	40,670	36,002	220,769	225,437	275,000
10,000	5,340	15,400	15,340	72,879	72,939	115,000
-	340	345	340	9,195	9,200	10,000
125,000	68,675	194,005	193,675	638,214	638,544	1,220,000
25,000	14,673	69,580	39,673	156,380	186,287	275,000
25,000	14,672	39,742	39,672	251,845	251,915	285,000
10,000	5,793	15,823	15,793	97,269	97,299	110,000
100,000	63,415	269,493	163,415	715,956	822,034	1,225,000
20,000	13,200	56,472	33,200	68,742	92,014	220,000
15,000	6,560	50,954	21,560	27,484	56,878	120,000
65,000	40,853	149,822	105,853	202,439	246,408	875,000
20,000	15,235	35,235	35,235	72,573	72,573	335,000
10,000	4,833	14,833	14,833	40,203	40,203	100,000
30,000	10,985	40,985	40,985	208,104	208,104	245,000
		247,100			247,100	675,000
		75,730			75,730	165,000
		68,150			68,150	285,000
<u>\$ 790,000</u>	<u>\$ 375,270</u>	<u>\$ 1,805,585</u>	<u>\$ 1,165,270</u>	<u>\$ 4,908,836</u>	<u>\$ 5,549,151</u>	<u>\$ 9,300,000</u>

See Accompanying Independent Auditor's Report

**NORTHWEST IOWA COMMUNITY COLLEGE  
SCHEDULE OF CREDIT/CONTACT HOUR ENROLLMENT  
FOR THE YEAR ENDED JUNE 30, 2004**

<u>Category</u>	<u>Credit Hours</u>			<u>Contact Hours</u>		
	<u>Eligible for Aid</u>	<u>Not Eligible for Aid</u>	<u>Total</u>	<u>Eligible for Aid</u>	<u>Not Eligible for Aid</u>	<u>Total</u>
Arts and Sciences	10,794	-	10,794	208,302	-	208,302
Vocational Education	14,842	-	14,842	390,264	-	390,264
Adult and Continuing Education	-	-	-	306,224	11,862	318,086
Cooperative Programs and Services	-	-	-	-	-	-
Related Services and Activities	-	-	-	-	13,320	13,320
Total	<u>25,636</u>	<u>-</u>	<u>25,636</u>	<u>904,790</u>	<u>25,182</u>	<u>929,972</u>

See Accompanying Independent Auditor's Report

**NORTHWEST IOWA COMMUNITY COLLEGE  
SCHEDULE OF TAX AND INTERGOVERNMENTAL REVENUES**

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	<u>Years Ended June 30,</u>			
	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
Local (Property Tax)	\$ 1,739,325	\$ 1,439,405	\$ 1,367,925	\$ 1,311,651
State	4,834,384	3,920,141	3,944,274	4,212,210
Federal	1,471,415	1,504,354	1,260,141	895,830
Total	<u>\$ 8,045,124</u>	<u>\$ 6,863,900</u>	<u>\$ 6,572,340</u>	<u>\$ 6,419,691</u>

See Accompanying Independent Auditor's Report

**NORTHWEST IOWA COMMUNITY COLLEGE  
SCHEDULE OF CURRENT FUND REVENUES BY SOURCE  
AND EXPENDITURES BY FUNCTION  
FOR THE LAST TWO YEARS**

	Years Ended June 30,	
	2004	2003
<b>Revenues:</b>		
State Appropriations	\$ 3,751,034	\$ 3,689,224
Tuition and Fees	3,079,620	2,875,264
Property Tax	1,201,041	907,254
Federal Appropriations	1,471,415	1,504,354
Interest on Investments	115,449	128,377
Iowa Industrial New Jobs Training Program	1,013,191	1,337,177
Auxiliary Enterprises	2,081,546	2,184,916
Miscellaneous	556,552	465,110
<b>Total</b>	<b>\$ 13,269,848</b>	<b>\$ 13,091,676</b>
<b>Expenditures:</b>		
Liberal Arts and Sciences	\$ 882,087	\$ 730,925
Vocational Technical	2,988,602	3,166,191
Adult Education	711,687	710,039
Cooperative Services	1,022,219	1,349,699
Administration	571,449	1,171,465
Student Services	639,934	532,783
Learning Resources	159,701	181,883
Physical Plant	623,851	581,367
General Institution	1,663,411	1,368,395
Auxiliary Enterprises	1,730,754	1,895,394
Scholarships and Grants	970,644	942,054
<b>Total</b>	<b>\$ 11,964,339</b>	<b>\$ 12,630,195</b>

See Accompanying Independent Auditor's Report



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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON  
INTERNAL CONTROL OVER FINANCIAL REPORTING  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

To the Board of Directors  
Northwest Iowa Community College  
Sheldon, Iowa

We have audited the statement of net assets, and the related statement of revenues, expenses and changes in net assets and cash flows of NORTHWEST IOWA COMMUNITY COLLEGE, Sheldon, Iowa, as of and for the year ended June 30, 2004, and have issued our report thereon dated September 17, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, Chapter 11 of the Code of Iowa, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether Northwest Iowa Community College's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that we are required to report under *Government Auditing Standards*.

Comments involving statutory and other legal matters about the College's operations for the year ended June 30, 2004, are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the College. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes. Prior year statutory comments have been resolved.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Northwest Iowa Community College's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial

statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the officials, management, federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Northwest Iowa Community College during the course of our audit. If you have any questions concerning the above matters we will be pleased to discuss them with you at your convenience.

*Williams & Company, P.C.*  
Certified Public Accountants

Le Mars, Iowa  
September 17, 2004



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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND  
INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Directors  
Northwest Iowa Community College  
Sheldon, Iowa

**Compliance**

We have audited the compliance of NORTHWEST IOWA COMMUNITY COLLEGE, Sheldon, Iowa, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major Federal programs for the year ended June 30, 2004. Northwest Iowa Community College's major Federal program is identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major Federal program is the responsibility of Northwest Iowa Community College's management. Our responsibility is to express an opinion on Northwest Iowa Community College's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, Chapter 11 of Code of Iowa, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about the College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Northwest Iowa Community College's compliance with those requirements.

In our opinion, Northwest Iowa Community College complied, in all material respects, with the requirements referred to above that are applicable to its major Federal program for the year ended June 30, 2004.

**Internal Control Over Compliance**

The management of Northwest Iowa Community College is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Northwest Iowa Community College's internal control over compliance with requirements that could have a direct and material effect on a major Federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major Federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the officials, management, federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

*Williams & Company, P.C.*  
Certified Public Accountants

Le Mars, Iowa  
September 17, 2004

**NORTHWEST IOWA COMMUNITY COLLEGE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2004**

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**Part I: Summary of the Independent Auditors' Results:**

- (a) An unqualified opinion was issued on the financial statements.
- (b) No material weaknesses were identified during the audit of the financial statements.
- (c) The results of our test disclosed no instances of noncompliance that is required to be reported under *Government Auditing Standards*
- (d) No reportable conditions in internal control over major programs were disclosed by the audit of the financial statements.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit did not disclose any audit findings that are required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major program was as follows:

Student Financial Assistance Cluster:

CFDA Numbers:	84.007	Federal Supplemental Educational Opportunity Grants
	84.032	Federal Family Education Loans
	84.033	Federal Work-Study Program
	84.063	Federal Pell Grant Program

- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Northwest Iowa Community College qualified as a low-risk auditee.

**Part II: Findings Related to the Financial Statements:**

**REPORTABLE CONDITIONS:**

No reportable conditions relating to the General Purpose Financial Statements were noted.

**Part III: Findings and Questioned Costs for Federal Awards:**

No instances of noncompliance or reportable conditions relating to Federal Awards were noted.

**NORTHWEST IOWA COMMUNITY COLLEGE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2004**

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**Part IV: Other Findings Related to Required Statutory Reporting:**

- 04-IV-A      Official Depositories – Official depositories have been adopted by the Board. The maximum deposit amounts approved were not exceeded during the year ended June 30, 2004.
- 04-IV-B      Certified Budget – Total operating expenditures for the year ended June 30, 2004 did not exceed the amount budgeted.
- 04-IV-C      Questionable Expenditures – No expenditures that did not meet the requirements of public purpose, as defined in an Attorney General's opinion, dated April 25, 1979, were noted.
- 04-IV-D      Travel Expense – No expenditures of the Community College money for travel expenses of spouses of Community College officials or employees were noted. No travel advances to Community College officials or employees were noted.
- 04-IV-E      Business Transactions – No business transactions between the Community College and the Community College officials or employees were noted.
- 04-IV-F      Bond Coverage – Surety bond coverage of Community College officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure the coverage is adequate for current operations
- 04-IV-G      Board Minutes – Debt was issued without Board approval. No other transactions were found that we believe should have been approved in the Board minutes but were not.
- 04-IV-H      Publication – The Community College published a statement of receipts and disbursements of all required funds, including the names of all persons, firms or corporations to which disbursements were made, as required by Chapter 260C.14(12) of the Code of Iowa.
- 04-IV-I      Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the College's investment policy were noted.
- 04-IV-J      Credit/Contact Hours – Eligible credit and contact hours reported to the Iowa Department of Education by the Community College were supported by detailed records maintained by the Community College.

**NORTHWEST IOWA COMMUNITY COLLEGE  
SCHEDULE OF PRIOR YEAR FINDINGS FOR FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2003**

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The audit for the year ended June 30, 2003 did not disclose any audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).